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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	

Reply Comments of Communications Workers of America

These are Reply Comments of the Communications Workers of America (CWA), filed pursuant to the "Notice of Proposed Rulemaking and Order Establishing Joint Board," the "NPRM," released by the Commission March 8, 1996. This NPRM was adopted by the Commission pursuant to Section 254 of the Communications Act of 1934, as amended by Public Law 104-104 (Telecommunications Act of 1996).

In its Comments, filed April 12, 1996, CWA noted:

> For more than 60 years, since passage of the 1934 Communications Act, the principle of universal telephone service has been a major public policy goal, based both on fairness concerns and the economic fact that the value of the network increases with each additional subscriber. The original goal of universal service was to ensure that everyone had "plain old telephone service," or "POTS."
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> * * *
>
> Today, even as we aim to ensure that all Americans have access to the voice communications network, we must at the same time expand our definition of universal service to include advanced telecommunications and information services. Equality of opportunity and democratic participation will be lessened so long as some Americans access computer networks while others cannot afford ordinary telephone service. We can ill afford to let

> rural and low-income regions of our country stagnate economically nor suffer further isolation because they are priced out of access to advanced telecommunications services. (CWA Comments, pp. 1-2)

Competition Matters

In addition, the Congress in Public Law 104-104 mandated more "competition" in common carrier matters in a way that is intended to require all providers of the common carrier services to pay into a funding mechanism that will ensure that "universal" service is as close to being universal as is practically attainable. (In this context, CWA does not place any credence in the alleged early tentative proposal styled in some quarters as "pagers for the homeless," an "idea" meant to trivialize the seriousness of the need to ensure maximum telephone service penetration.)

In the next year, the Commission will be deciding many other major issues delegated to it by the Congress, some of them seemingly contradictory. For example, CC Docket 96-98 (Implementation of the Local Competition Provisions in the Telecommunications Act of 1996) imposes certain duties on "incumbent local exchange carriers," duties not similarly imposed on their "competitors," who will be highly selective in the customer base to be served. In addition, CC Docket 96-98 will address matters of "reciprocal compensation" between carriers, which may lead to the "incumbent" local carriers' being required to subsidize their competitors by favorable discounted tariffs. In this eventuality, any revenue shortfalls would then be made up by residential and small-business customers, customers to whom the alleged benefits of "competition" will not be available. Such a result would be far

removed indeed from the intent of the Congress in enacting Section 254 of the 1996 Act.

In the instant proceeding, the Commission has received some parties' Comments citing some alleged need to "rebalance" tariffs and to double the Subscriber Line Charge (SLC) from its present $3.50 per month levied over the last decade on residential users. Affordability of telephone service will not be enhanced by increases in Federal imposts. This is contrary to the clear intent of the Congress for affordable service. The adjective "affordable" is included in the new statute, in the new Section 254(b)(1), on "Quality and Rates." The 1996 Act requires all carriers to pay appropriately for facilities and services used; Sections 201-202 of the Communications Act of 1934, as it existed prior to the 1996 Telecommunications Act, also required non-discriminatory treatment.

In addition, CWA urges the Commission to bear in mind the well considered comments of Senators Snowe, Rockefeller, Exon and Kerrey in their letter of April 24, 1996 to the Commission on services for schools, libraries and health care providers, as set out in Section 254(h) of the 1996 Act. The Senators' letter fully explains the intent of Congress in including that section as part of the Universal Service enactment.

Quality Service

In its comments, filed April 12, 1996, in response to paragraphs 4 and 68-70 in the NPRM in which the Commission sought comments on how to implement the Act's mandate that "quality services" should be available at just reasonable, and affordable rates, CWA noted:

> The Commission should establish Federal performance-based service quality standards on which all telecommunications providers must report to the Commission and for which they are accountable. Any carrier receiving support from the Federal Universal Service Fund must meet these quality standards. Failure to meet quality standards should result in denial of USF support; in addition, the carrier should be required to pay a penalty into the Universal Service Fund. (CWA Comments, p. 6)

We concur with comments filed by the Florida Public Service Commission that "in this era of decreased regulatory oversight, quality of service is of paramount importance." Other State commissions, the USTA, and consumer groups have concurred with these sentiments in their comments.

A combination of Federal and State oversight of service quality is necessary. Certainly, any telecommunications service provider that receives funds through any Federal universal service support mechanism should be required to meet Federal service quality standards.

In the Comments filed on April 16, 1996 CWA cited FCC data from the Armis Reports (reports 43-05) to illustrate recent problems with service quality at GTE, the largest recipient of Universal Service Fund (USF). GTE received $176.7 million from the USF in 1995, which amounted to almost one-quarter (23.7 percent) of the total USF distribution.

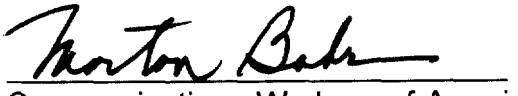
Subsequent to our filing, GTE discovered that some of the data it had provided to the FCC was inaccurate. GTE plans to file corrected data by mid-May for the first through third quarters of 1995 but may never be able to correct the data for fourth quarter 1994.

This issue raises troubling questions. Regulators and ratepayers require accurate information to ascertain whether service quality problems are systemic. Absent public accountability, companies can ignore their obligation to develop accurate systems to collect this vital information.

In the past, FCC oversight of service quality data collection has ensured that reporting companies commit resources to collect accurate data for the FCC Armis reports. The Commission is certainly well aware of many service quality complaints and penalties imposed in the States over such problems. As price deregulation moves forward, the Commission must take on the increasingly important regulatory task of oversight of service quality. Competition will not solve this problem, but will increase it.

Finally, the Joint Board and Commission should ensure that the ultimate universal service plan is devised and kept updated to guarantee high-quality telecommunications to citizens and businesses in areas designated in the statute as rural, insular, unserved and high-cost. Given the robust health and overall attracitveness of the common carrier industry, adequate funds certainly exist to meet the promises of Section 254 of the Telecommunications Act of 1996, as the Congress so aptly intended.

Respectfully submitted,



Communications Workers of America
Morton Bahr
President

Dated: May 7, 1996